

A CAT'S LIFE RESCUE, INC.

Financial Statements

**December 31, 2022
(With Comparative Totals for 2021)**

With Independent Accountant's Review Report

A Cat's Life Rescue, Inc.
December 31, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
A Cat's Life Rescue, Inc.
Mount Rainier, Maryland

I have reviewed the accompanying financial statements of A Cat's Life Rescue, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

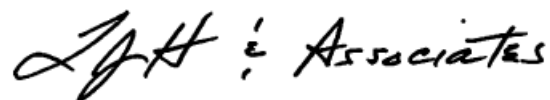
I am required to be independent of A Cat's Life Rescue, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

I previously reviewed A Cat's Life Rescue, Inc.'s 2021 financial statements and, in our conclusion, dated September 12, 2022, stated that based on our review, we were not aware of any material modifications that should be made to the 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2021, for it to be consistent with the reviewed financial statements from which it has been derived.



Waynesboro, PA
September 1, 2023

A Cat's Life Rescue, Inc.
Statement of Financial Position
December 31, 2022
(With Comparative Totals as of December 31, 2021)

	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 45,332	\$ 34,231
Other receivables	-	400
Property and Equipment:		
Vehicle	3,800	3,800
Computer equipment	822	822
Total property and equipment	<u>4,622</u>	<u>4,622</u>
Accumulated depreciation	<u>(1,647)</u>	<u>(723)</u>
Property and equipment, net	<u>2,975</u>	<u>3,899</u>
TOTAL ASSETS	<u>\$ 48,307</u>	<u>\$ 38,530</u>
<u>LIABILITIES AND NET ASSETS</u>		
Refundable advances	\$ 5,150	\$ 5,070
Other liabilities	-	25
Total liabilities	<u>5,150</u>	<u>5,095</u>
Net Assets:		
Without donor restrictions	43,157	24,515
With donor restrictions	-	8,920
Total net assets	<u>43,157</u>	<u>33,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 48,307</u>	<u>\$ 38,530</u>

A Cat's Life Rescue, Inc.
Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals as of December 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Contributions of cash and other financial assets	\$ 76,019	\$ -	\$ 76,019	\$ 54,117
Contributions of nonfinancial assets	22,930	-	22,930	9,298
Grants	-	15,595	15,595	17,635
Adoption fees	41,405	-	41,405	36,402
Medical care fees	8,784	-	8,784	5,210
Special events, gross	6,760	-	6,760	4,602
Less cost of direct benefit to donors	(1,625)	-	(1,625)	(1,574)
Net special event revenue	<u>5,135</u>	<u>-</u>	<u>5,135</u>	<u>3,028</u>
Merchandise sales	157	-	157	307
Interest and other income	944	-	944	118
Net assets released from restrictions	<u>24,515</u>	<u>(24,515)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>179,889</u>	<u>(8,920)</u>	<u>170,969</u>	<u>126,115</u>
EXPENSES				
Program services	142,530	-	142,530	98,611
Supporting services				
Management and general	13,275	-	13,275	3,763
Fundraising and development	5,442	-	5,442	3,670
Total supporting services	<u>18,717</u>	<u>-</u>	<u>18,717</u>	<u>7,433</u>
TOTAL EXPENSES	<u>161,247</u>	<u>-</u>	<u>161,247</u>	<u>106,044</u>
CHANGE IN NET ASSETS	18,642	(8,920)	9,722	20,071
NET ASSETS, BEGINNING OF YEAR	<u>24,515</u>	<u>8,920</u>	<u>33,435</u>	<u>13,364</u>
NET ASSETS, END OF YEAR	<u>\$ 43,157</u>	<u>\$ -</u>	<u>\$ 43,157</u>	<u>\$ 33,435</u>

A Cat's Life Rescue, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals as of December 31, 2021)

	Program Activities					Supporting Services				2022 Total	2021 Total
	Adoptions	Education/ Outreach	Medical	TNR	Total Program Activities	Management and General	Fundraising and Development	Total Supporting Services	Cost of Direct Benefit to Donors		
EXPENSES											
Animal medical care	\$ 26,807	\$ -	\$ 33,865	\$ 53,745	\$ 114,417	\$ -	\$ -	\$ -	\$ -	\$ 114,417	\$ 72,201
Animal food and supplies	13,089	976	4,564	5,410	24,039	-	35	35	-	24,074	19,938
Accounting services	-	-	-	-	-	9,692	-	9,692	-	9,692	-
Payment processing fees	334	-	14	-	348	474	3,704	4,178	-	4,526	2,780
Insurance	-	-	-	1,235	1,235	1,798	-	1,798	-	3,033	2,495
Donor gifts	-	-	-	-	-	-	-	-	560	560	1,574
Direct fundraising expenses	-	-	-	-	-	-	-	-	1,065	1,065	349
Auto repairs and supplies	-	-	-	59	59	-	-	-	-	59	1,392
Office expenses	-	-	-	-	-	362	367	729	-	729	1,220
Information technology	170	170	-	-	340	106	626	732	-	1,072	1,066
Storage rental	-	207	-	-	207	206	206	412	-	619	558
Copying and printing	-	-	40	-	40	40	5	45	-	85	548
Depreciation expense	462	-	-	462	924	-	-	-	-	924	545
Advertising and promotion	123	729	-	25	877	-	30	30	-	907	342
Telecommunications	-	-	-	-	-	-	-	-	-	-	264
Licenses and fees	-	-	-	-	-	50	404	454	-	454	237
Conferences, conventions and meetings	-	-	-	-	-	-	-	-	-	-	227
Event space rental	-	-	-	-	-	-	-	-	-	-	200
Other expenses	-	44	-	-	44	547	65	612	-	656	1,682
TOTAL EXPENSES BY FUNCTION	40,985	2,126	38,483	60,936	142,530	13,275	5,442	18,717	1,625	162,872	107,618
Less expenses included with revenues on the statement of activities:											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	(1,625)	(1,625)	(1,574)
Total expenses included in expense section on the statement of activities	\$ 40,985	\$ 2,126	\$ 38,483	\$ 60,936	\$ 142,530	\$ 13,275	\$ 5,442	\$ 18,717	\$ -	\$ 161,247	\$ 106,044

See Accompanying Notes and Independent Accountant's Review Report.

A Cat's Life Rescue, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals as of December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,722	\$ 20,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	924	545
Contributed property and equipment	-	(3,800)
Decrease (increase) in operating assets:		
Other receivables	400	(400)
Increase (decrease) in operating liabilities:		
Refundable advances	80	5,070
Other liabilities	(25)	25
Net cash provided by operating activities	<u>11,101</u>	<u>21,511</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,101	21,511
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,231	12,720
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 45,332</u>	<u>\$ 34,231</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY		
Contributed property and equipment - vehicle	<u>\$ -</u>	<u>\$ 3,800</u>

A Cat's Life Rescue, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

1. ORGANIZATION

A Cat's Life Rescue, Inc. (The Organization) is a nonprofit organization in Prince Georges County, Maryland which was formed under the laws of the state of Maryland on October 11, 2018. The Organization's mission is to provide a trap-neuter-return (TNR) program, adoptions, and medical care for cats, as well as education and therapeutic programs to the public.

Animal Care

The Organization provides expert care for the homeless and injured cats and strive to find them new caring and safe homes. Dedicated staff work to provide training and basic medical care, so the cats are ready for adoption. The Organization found homes for 371 and 392 cats and kittens, all of which were also spayed/neutered, and TNR'd an additional 719 and 504 community (feral) cats, for the year ended December 31, 2022 and 2021 respectively.

Education and Outreach

Specially trained staff members lead educational programs throughout the region on multiple cat welfare topics. Perspective families are offered classes in animal behavior and on-going support after the adoption. The Organization engages with community leaders to end animal homelessness and strive for collaboration between law enforcement, veterinary clinics and community centers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America which includes Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, when purchased to be cash and equivalents. The Organization places its cash with high quality financial institutions. The Organization does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment

Property and equipment is recorded for purchases over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets of 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense for the years ended December 31, 2022 and 2021, were \$924 and \$546, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

A Cat's Life Rescue, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Assets, Materials and Services

Donations of property, equipment, and materials are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the use for a specific purpose. Donated services are recognized as contributions in the statement of activities at their respective fair values of the services received if the services create or enhance non-financial assets or require specialized skills, such as legal and accounting services, are performed by people with those skills, and would otherwise be purchased.

Volunteers, including the Organization's Executive Director and Program Director, contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue Recognition

Contributions – Contributions are recognized as revenue at fair value when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Funding received before conditions are met is reported as refundable advances.

Grants – Grants are recorded as revenue at the time that the unconditional award is made. Conditional grants are only recognized as revenue at fair value when if and when the specified conditions are met.

Adoptions – Adoption fees are recognized as revenue when the animal is transferred to the new home.

Special Events – Special events revenue is recorded equal to the fair value of direct benefits to donors, and contribution revenue for the difference.

Advertising Costs

Advertising costs are expensed as incurred, with \$906 and \$342 incurred during the year ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function, and therefore, require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated between the programs and supporting services benefited. The majority of expenses, including animal medical care and animal food and supplies, are allocated directly based on the nature of the activity. Expenses that benefit multiple activities or functions are allocated on the basis of estimates of benefits to the respective functions.

New Accounting Standards

The Organization elected to early adopt ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation*

A Cat's Life Rescue, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets in 2021. The ASU requires Not-For-Profit entities to present gifts-in-kind received in a separate line item in the statement of activities apart from contributions of cash or other financial assets and disclose the amount of gifts-in-kind received by category in the notes to the financial statements.

Summarized Financial Information for 2021

The financial statements include certain prior years summarized comparative information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions that occurred after December 31, 2022, for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through September 1, 2023, the date that the financial statements were available to be issued. The Organization is not aware of any other subsequent events which would require recognition or disclosure in the accompanying Financial Statements.

3. REFUNDABLE ADVANCES

Refundable advances are comprised of grant funds which have been received but for which all the conditions for retaining the funds have not been met. If all the conditions are not met, the unspent funds must be returned. Once these conditions are satisfied, the funds are moved from refundable advances and recognized as revenue with donor restrictions and simultaneously released from restriction. Refundable advances were \$5,150 and \$5,070 as of December 31, 2022 and 2021, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Purpose restricted:		
Best Friends Animal Society	\$ -	\$ 8,920
Total purpose restricted	-	8,920
Time restricted	-	-
Total	\$ -	\$ 8,920

Net assets were released from donor restrictions during the year ended December 31, which satisfied the restricted purposes specified by donors as follows:

	2022	2021
Purpose restricted:		
Best Friends Animal Society	\$ 8,920	\$ 1,080
The Humane Society of the United States	1,500	
Maryland Department of Agriculture (2021)	-	5,880
Maryland Department of Agriculture (2021-2022)	10,845	1,755
Maryland Department of Agriculture (2022-2023)	3,250	
Total purpose restricted	24,515	8,715
Time restricted	-	-
Total	\$ 24,515	\$ 8,715

A Cat's Life Rescue, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

5. CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES

The Organization received the following contributions of nonfinancial assets for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Animal medical care	\$ 8,712	\$ -
Animal food and supplies	11,718	9,298
Professional services, included in management and general	<u>2,500</u>	<u>-</u>
	22,930	9,298
Vehicle, recorded as property and equipment	<u>-</u>	<u>3,800</u>
Total	<u>\$ 22,930</u>	<u>\$ 13,098</u>

The Organization received animal medical care and animal food and supplies, primarily cat food, for use in their programs in 2021 and 2022. Donated medical care is recorded at its estimated fair value using current market rates from similar vendors. Donated supplies are recorded at fair value based on the lowest advertised prices of the same or similar items from large retailers on or around the date of the contributions. The Organization received contributed professional services related to management and general in 2022 and are recorded at their estimate fair value using current market rates from similar vendors and comparative professionals.

The Organization received a contribution of a vehicle in 2021 with a value of \$3,800 and is recorded as property and equipment in the accompanying statement of financial position.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 45,332	\$ 34,231
Other receivable	-	400
Total financial assets	<u>45,332</u>	<u>34,631</u>
Less:		
Amounts unavailable for general expenditures within one year due to donors' purposes restriction	<u>-</u>	<u>(8,920)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 45,332</u>	<u>\$ 25,711</u>

A Cat's Life Rescue, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

7. TAX STATUS

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Internal Revenue Code Section 501(c)(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is required to file annually a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has therefore not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS

Accounting principles generally accepted in the United States of America require management to evaluate income tax positions taken and accrue an income tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the income tax positions taken and concluded that as of December 31, 2022, there were no uncertain positions taken or expected to be taken that would require accrual of a liability in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. As of December 31, 2022, the statute of limitations for tax years 2019 through 2021 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2022, the Organization had no accruals for interest and/or penalties.

8. RELATED PARTY TRANSACTIONS

The Organization incurred expenses of \$88,709 and \$57,009 with an organization that performs spays and medical services in which the Organization's Program Director is employed for the year ended December 31, 2022 and 2021, respectively.

9. RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments that subject the Organization to concentrations of credit risk include deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced, and management does not anticipate experiencing any credit losses on such deposits. The deposit account balance did not exceed the FDIC insured limit of \$250,000 as of December 31, 2021 and 2022.

Concentration of Risk – Revenue and Support

One grantor comprised approximately 8% and 6% and another grantor approximately 5% and 8% of total revenue and support for the year ended December 31, 2022 and 2021, respectively.